

these individuals are afforded the opportunity to do so by referring them to local extended employment providers. Those providers currently support the vast majority of sheltered workers through non-VR program resources. Moreover, persons wishing to prepare for integrated employment by initially working in an extended employment setting also may do so. In these cases, the VR agency cannot discontinue VR services until the individual transitions to integrated work in the community.

*Can State Agencies Refuse To Serve Those With the Most Significant Disabilities?*

No. Both the Act and regulations guard against that result. Persons with disabilities may not be excluded from the VR program based on an assumption or belief that the individual is incapable of working in an integrated setting. Rather, State units are required to establish clear and convincing evidence that an individual is incapable of achieving an employment outcome, for purposes of the VR program, and must conduct a trial work assessment of the individual's abilities before it can refuse services to any individual who it initially believes is incapable of working in an integrated job setting.

*Are Homemaker and Unpaid Family Worker Considered Employment Outcomes for Purposes of the VR Program?*

Yes. The chief purpose of the regulations is to ensure that individuals with disabilities participating in the VR program are able to pursue the same type of employment opportunities that are available to the general public. Extended employment jobs, unlike homemakers and unpaid family workers, are primarily reserved for those with disabilities.

*Will the Regulations Serve To Close Down Sheltered Workshops?*

No. Sheltered workshops are primarily supported by other State, local, and private resources and rely very little on VR program funds. Persons who prefer to work in extended employment on a long-term basis are assured access to local extended employment programs through the referral requirements in the regulations. Also, those participants in the VR program who can best prepare for integrated employment by working in an extended employment setting as part of a training and assessment program are able to follow that path as well. Thus, extended employment programs and sheltered workshops continue to serve essentially the same role that they currently serve.

[66 FR 7253, Jan. 22, 2001]

## PART 363—THE STATE SUPPORTED EMPLOYMENT SERVICES PROGRAM

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AUTHORITY: 29 U.S.C. 795j–q, unless otherwise noted.

SOURCE: 59 FR 8331, Feb. 18, 1993, unless otherwise noted.

## Subpart A—General

### § 363.1 What is the State Supported Employment Services Program?

Under the State Supported Employment Services Program, the Secretary provides grants to assist States in developing and implementing collaborative programs with appropriate entities to provide programs of supported employment services for individuals with the most severe disabilities who require supported employment services to enter or retain competitive employment.

(Authority: 29 U.S.C. 795j)

### § 363.2 Who is eligible for an award?

Any State is eligible for an award under this program.

(Authority: 29 U.S.C. 795n)

### § 363.3 Who is eligible for services?

A State may provide services under this program to any individual if—

(a) The individual has been determined eligible for vocational rehabilitation services in accordance with the criteria in section 102(a)(1) of the Act;

(b) The individual has been determined to be an individual with the most severe disabilities; and

(c) Supported employment has been identified as the appropriate rehabilitation objective for the individual on the basis of a comprehensive assessment of rehabilitation needs, including an evaluation of rehabilitation, career, and job needs.

(Authority: 29 U.S.C. 795m)

### § 363.4 What are the authorized activities under a State Supported Employment Services grant?

Under this program, the following activities are authorized:

(a) Any particularized assessment that is needed to supplement the comprehensive assessment of rehabilitation needs done under 34 CFR part 361 and that is provided subsequent to the development of the individualized written rehabilitation program. The supplementary assessment may be provided in circumstances such as the following:

(1) A reassessment of the suitability of the placement is warranted.

(2) There is a change in the individual's medical condition.

(b) Development of and placement in jobs for individuals with the most severe disabilities.

(c) Provision of supported employment services that are needed to support individuals with the most severe disabilities in employment, such as—

(1) Intensive on-the-job skills training and other training provided by skilled job trainers, co-workers, and other qualified individuals, and other services specified in section 103(a) of the Act in order to achieve and maintain job stability;

(2) Follow-up services, including regular contact with employers, trainees with the most severe disabilities, parents, guardians or other representatives of trainees, and other suitable professional and informed advisors in order to reinforce and stabilize the job placement; and

(3) Discrete post-employment services following transition that are unavailable from an extended services provider and that are necessary to maintain the job placement, such as job station redesign, repair and maintenance of assistive technology, and replacement of prosthetic and orthotic devices.

(Authority: 29 U.S.C. 795l)

### § 363.5 What regulations apply?

The following regulations apply to the State Supported Employment Services Program:

(a) The Education Department General Administrative Regulations (EDGAR) as follows:

(1) 34 CFR part 76 (State-Administered Programs).

(2) 34 CFR part 77 (Definitions that Apply to Department Regulations).

(3) 34 CFR part 79 (Intergovernmental Review of Department of Education Programs and Activities).

(4) 34 CFR part 80 (Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments).

(5) 34 CFR part 81 (General Education Provisions Act—Enforcement).

(6) 34 CFR part 82 (New Restrictions on Lobbying).

(7) 34 CFR part 85 (Governmentwide Debarment and Suspension (Non-procurement) and Governmentwide Requirements for Drug-Free Workplace (Grants)).

(8) 34 CFR part 86 (Drug-Free Schools and Campuses).

(b) The regulations in this part 363.

(c) The following regulations in 34 CFR part 361 (The State Vocational Rehabilitation Services Program): §§ 361.31; 361.32; 361.33; 361.34; 361.35; 361.39; 361.40; 361.41; 361.42; 361.47(a); 361.48; and 361.49.

NOTE: Many of the regulatory provisions cross-referenced in § 363.5(c) are affected by statutory changes made by the Rehabilitation Act Amendments of 1992. If these provisions conflict with statutory language, they are superseded by the statutory language. Program regulations for part 361 are being amended to implement statutory changes. When final regulations for part 361 are published, these cross-references will be corrected, if necessary.

(Authority: 29 U.S.C. 795j and 711(c))

#### § 363.6 What definitions apply?

(a) *Definitions in 34 CFR part 361.* The following terms used in this part are defined in 34 CFR 369.4(b):

Act  
Designated State unit  
Individual with disabilities  
Individual with severe disabilities  
State plan

(b) *Definitions in EDGAR.* The following terms used in this part are defined in 34 CFR 77.1:

Fiscal Year  
Nonprofit  
Private Secretary  
State

(c) *Other definitions.* The following definitions also apply to this part:

(1) *Supported employment* means—

(i) Competitive employment in an integrated setting with ongoing support services for individuals with the most severe disabilities—

(A) For whom competitive employment has not traditionally occurred or for whom competitive employment has been interrupted or intermittent as a result of a severe disability; and

(B) Who, because of the nature and severity of their disabilities, need intensive supported employment services from the designated State unit and ex-

tended services after transition in order to perform this work; or

(ii) Transitional employment for individuals with the most severe disabilities due to mental illness.

(2) As used in the definition of “Supported employment”—

(i) *Competitive employment* means work—

(A) In the competitive labor market that is performed on a full-time or part-time basis in an integrated setting; and

(B) For which an individual is compensated at or above the minimum wage, but not less than the customary or usual wage paid by the employer for the same or similar work performed by individuals who are not disabled.

(ii) *Integrated setting* means a setting typically found in the community in which an individual with the most severe disabilities interacts with non-disabled individuals, other than non-disabled individuals who are providing services to that individual, to the same extent that non-disabled individuals in comparable positions interact with other persons.

(iii) *Supported employment services* means on-going support services provided by the designated State unit with funds under this part—

(A) For a period not to exceed 18 months, unless under special circumstances a longer period to achieve job stabilization has been jointly agreed to by the individual and the rehabilitation counselor and established in the individualized written rehabilitation program, before an individual with the most severe disabilities makes the transition to extended services; and

(B) As discrete post-employment services following transition in accordance with § 363.4(c)(3);

(iv) *Extended services* means on-going support services and other appropriate services provided by a State agency, a private nonprofit organization, employer, or any other appropriate resource, from funds other than funds received under this part, part 381, part 376, or part 380, after an individual with the most severe disabilities has made the transition from State vocational rehabilitation agency support; and

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(v) *Transitional employment* means a series of temporary job placements in competitive work in an integrated work setting with on-going support services for individuals with the most severe disabilities due to mental illness. In transitional employment, the provision of on-going support services must include continuing sequential job placements until job permanency is achieved.

(3) *On-going support services* means services that are—

(i) Needed to support and maintain an individual with the most severe disabilities in supported employment;

(ii) Based on a determination by the designated State unit of the individual's needs as specified in an individualized written rehabilitation program; and

(iii) Furnished by the designated State unit from the time of job placement until transition to extended services, except as provided in § 363.4(c)(3) and, following transition, by one or more extended services providers throughout the individual's term of employment in a particular job placement or multiple placements if those placements are being provided under a program of transitional employment. On-going support services must include, at a minimum, twice-monthly monitoring at the work site of each individual in supported employment to assess employment stability, unless under special circumstances, especially at the request of the individual, the individualized written rehabilitation program provides for off-site monitoring, and, based upon that assessment, the coordination or provision of specific services at or away from the work site, that are needed to maintain employment stability. If off-site monitoring is determined to be appropriate, it must, at a minimum, consist of two meetings with the individual and one contact with the employer each month. On-going support services consist of—

(A) Any particularized assessment needed to supplement the comprehensive assessment of rehabilitation needs;

(B) The provision of skilled job trainers who accompany the individual for intensive job skill training at the work site;

(C) Job development and placement;

(D) Social skills training;

(E) Regular observation or supervision of the individual;

(F) Follow-up services such as regular contact with the employers, the individuals, the parents, family members, guardians, advocates or authorized representatives of the individuals, and other suitable professional and informed advisors, in order to reinforce and stabilize the job placement;

(G) Facilitation of natural supports at the worksite;

(H) Any other service identified in the scope of rehabilitation services described in 34 CFR part 361; and

(I) Any service similar to the foregoing services.

(Authority: 29 U.S.C. 706(18), 711(c), and 795j)

[59 FR 8331, Feb. 18, 1993, as amended at 62 FR 6363, Feb. 11, 1997]

### Subpart B—How Does a State Apply for a Grant?

#### § 363.10 What documents must a State submit to receive a grant?

To receive a grant under this part, a State must submit to the Secretary, as part of the State plan under 34 CFR part 361, a State plan supplement that meets the requirements of § 363.11.

(Authority: 29 U.S.C. 795n)

#### § 363.11 What information and assurances must be included in the State plan supplement?

Each State plan supplement must include the following:

(a) *Designated State agency.* Designate the State unit or units for vocational rehabilitation services identified in the State plan submitted under 34 CFR part 361 as the State agency or agencies to administer this program.

(b) *Results of needs assessment.* Summarize the results of the needs assessment of individuals with severe disabilities conducted under title I of the Act with respect to the rehabilitation and career needs of individuals with severe disabilities and the need for supported employment services. The results of the needs assessment must address the coordination and use of information within the State relating to section 618(b)(1)(c) of the Individuals with Disabilities Education Act.

(c) *Quality, scope, and extent of services.* Describe the quality, scope, and extent of supported employment services to be provided to individuals with the most severe disabilities under this program. The description must address the timing of the transition to extended services referred to in § 363.50(b)(2).

(d) *Distribution of funds.* Describe the State's goals and plans with respect to the distribution of funds received under § 363.20.

(e) *Collaboration.* Demonstrate evidence of the efforts of the designated State unit to identify and make arrangements, including entering into cooperative agreements, with—

(1) Other State agencies and other appropriate entities to assist in the provision of supported employment services; and

(2) Other public or non-profit agencies or organizations within the State, employers, natural supports, and other entities with respect to the provision of extended services.

(f) *Minority outreach.* Describe the designated State unit's outreach procedures for identifying and serving individuals with the most severe disabilities who are minorities.

(g) *Assurances.* Provide assurances that—

(1) Funds made available under this part will only be used to provide supported employment services authorized under the Act to individuals who are eligible under this part to receive the services;

(2) The comprehensive assessments of individuals with severe disabilities conducted under section 102(b)(1)(A) and funded under title I of the Act will include consideration of supported employment as an appropriate rehabilitation objective;

(3) An individualized written rehabilitation program, as required by section 102 of the Act, will be developed and updated, using funds under title I, that—

(i) Specifies the supported employment services to be provided to each individual served under this program, including a description of the expected extended services needed, which may include natural supports, and an identification of the State, Federal, or pri-

vate programs or other resources that will provide the extended services, including a description of the basis for determining that extended services are available, or to the extent that it is not possible to identify the source of extended services at the time the individualized written rehabilitation program is developed, a statement describing the basis for concluding that there is a reasonable expectation that sources will become available;

(ii) Provides for periodic monitoring to ensure that each individual with severe disabilities is making satisfactory progress toward meeting the weekly work requirement established in the individualized written rehabilitation program by the time of transition to extended services;

(4) The State will use funds provided under this part only to supplement, and not supplant, the funds provided under title I of the Act, in providing supported employment services specified in the individualized written rehabilitation program;

(5) Services provided under an individualized written rehabilitation program will be coordinated with services provided under other individualized plans established under other Federal or State programs;

(6) To the extent job skills training is provided, the training will be provided on-site;

(7) Supported employment services will include placement in an integrated setting for the maximum number of hours possible based on the unique strengths, resources, interests, concerns, abilities, and capabilities of individuals with the most severe disabilities;

(8) The designated State agency or agencies will expend no more than 5 percent of the State's allotment under this part for administrative costs of carrying out this program; and

(9) The public participation requirements of section 101(a)(23) are met.

(h) *Other information.* Contain any other information and be submitted in the form and in accordance with the procedures that the Secretary may require.

(Approved by the Office of Management and Budget under control number 1820-0500)

(Authority: 29 U.S.C. 795n)

### Subpart C—How Does the Secretary Make a Grant?

#### § 363.20 How does the Secretary allocate funds?

The Secretary allocates funds under this program in accordance with section 632(a) of the Act.

(Authority: 29 U.S.C. 795k)

#### § 363.21 How does the Secretary reallocate funds?

The Secretary reallocates funds in accordance with section 632(b) of the Act.

(Authority: 29 U.S.C. 795k)

### Subparts D–E [Reserved]

### Subpart F—What Post-Award Conditions Must Be Met by a State?

#### § 363.50 What collaborative agreements must the State develop?

(a) A designated State unit must enter into one or more written cooperative agreements or memoranda of understanding with other appropriate State agencies, private nonprofit organizations, and other available funding sources to ensure collaboration in a plan to provide supported employment services and extended services to individuals with the most severe disabilities.

(b) A cooperative agreement or memorandum of understanding must, at a minimum, specify the following:

(1) The supported employment services to be provided by the designated State unit with funds received under this part.

(2) The extended services to be provided by relevant State agencies, private nonprofit organizations, or other sources following the cessation of supported employment services under this part.

(3) The estimated funds to be expended by the participating party or parties in implementing the agreement or memorandum.

(4) The projected number of individuals with the most severe disabilities who will receive supported employ-

ment services and extended services under the agreement or memorandum.

(Authority: 29 U.S.C. 795n)

#### § 363.51 What are the allowable administrative costs?

(a) *Administrative costs—general.* Expenditures are allowable for the following administrative costs:

(1) Administration of the State plan supplement for this program.

(2) Planning program development, and personnel development to implement a system of supported employment services.

(3) Monitoring, supervision, and evaluation of this program.

(4) Technical assistance to other State agencies, private nonprofit organizations, and businesses and industries.

(b) *Limitation on administrative costs.* Not more than five percent of a State's allotment may be expended for administrative costs for carrying out this program.

(Authority: 29 U.S.C. 795n)

#### § 363.52 What are the information collection and reporting requirements?

(a) A State shall collect and report information as required under section 13 of the Act for each individual with the most severe disabilities served under this program.

(b) The State shall collect and report separately information for

(1) Supported employment clients served under this program; and

(2) Supported employment clients served under 34 CFR part 361.

(Approved by the Office of Management and Budget under control number 1820–0551)

(Authority: 29 U.S.C. 712 and 795o)

#### § 363.53 What special conditions apply to services and activities under this program?

Each grantee shall coordinate the services provided to an individual under this part and under 34 CFR part 361 to ensure that the services are complementary and not duplicative.

(Authority: 29 U.S.C. 711(c) and 795p)

**§ 363.54 What requirements must a State meet before it provides for the transition of an individual to extended services?**

A designated State unit must provide for the transition of an individual with the most severe disabilities to extended services no later than 18 months after placement in supported employment, unless a longer period is established in the individualized written rehabilitation program, and only if the individual has made substantial progress toward meeting the hours-per-week work goal provided for in the individualized written rehabilitation program, the individual is stabilized in the job, and extended services are available and can be provided without a hiatus in services.

(Authority: 29 U.S.C. 795n and 711(c))

**§ 363.55 What are the requirements for successfully rehabilitating an individual in supported employment?**

An individual with the most severe disabilities who is receiving supported employment services is considered to be successfully rehabilitated if the individual maintains a supported employment placement for 60 days after making the transition to extended services.

(Authority: 29 U.S.C. 711(c))

**§ 363.56 What notice requirements apply to this program?**

Each grantee must advise applicants for or recipients of services under this part, or as appropriate, the parents, family members, guardians, advocates, or authorized representatives of those individuals, of the availability and purposes of the State's Client Assistance Program, including information on seeking assistance from that program.

(Authority: 29 U.S.C. 718a)

**PART 364—STATE INDEPENDENT LIVING SERVICES PROGRAM AND CENTERS FOR INDEPENDENT LIVING PROGRAM: GENERAL PROVISIONS**

**Subpart A—General**

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